



OHIO AUDITOR OF STATE
KEITH FABER



**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY
DECEMBER 31, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Athens-Hocking-Vinton Board of Alcohol,
Drug Addiction, and Mental Health Services
Athens County
P.O. Box 130
Athens, Ohio 45701

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio (the Board), as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Board does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2019, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio, as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2020, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

August 17, 2020

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**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**
*Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019*

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property Taxes	\$3,575,798	\$0	\$0	\$3,575,798
Charges for Services	0	47,364	0	47,364
Intergovernmental	4,845,084	21,374	50,000	4,916,458
Interest	0	0	4,469	4,469
Other Grants and Contributions	0	150,000	0	150,000
Miscellaneous	24,544	0	10,000	34,544
<i>Total Cash Receipts</i>	<u>8,445,426</u>	<u>218,738</u>	<u>64,469</u>	<u>8,728,633</u>
<u>Cash Disbursements:</u>				
Salaries	468,615	0	0	468,615
Fringe Benefits	76,734	0	0	76,734
Supplies and Materials	5,572	0	0	5,572
Contract Services	7,598,287	214,735	0	7,813,022
Equipment	2,104	0	92,438	94,542
Other	498,157	41,335	0	539,492
<i>Total Cash Disbursements</i>	<u>8,649,469</u>	<u>256,070</u>	<u>92,438</u>	<u>8,997,977</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursement</i>	(204,043)	(37,332)	(27,969)	(269,344)
<u>Other Financing Sources(Uses):</u>				
Transfers In	0	300,000	0	300,000
Transfers Out	(300,000)	0	0	(300,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(300,000)</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(504,043)	262,668	(27,969)	(269,344)
<i>Fund Cash Balances - January 1</i>	<u>2,998,885</u>	<u>1,116,132</u>	<u>138,684</u>	<u>4,253,701</u>
Restricted	0	1,378,800	0	1,378,800
Committed	0	0	110,715	110,715
Assigned	824,427	0	0	824,427
Unassigned	1,670,415	0	0	1,670,415
<i>Fund Cash Balances - December 31</i>	<u>\$2,494,842</u>	<u>\$1,378,800</u>	<u>\$110,715</u>	<u>\$3,984,357</u>

The notes to the basic financial statements are an integral part of this statement.

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**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**
*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction and Mental Health Services, Athens County, (the Board) as a body corporate and politic. An eighteen-member Board is the governing body. The Ohio Department of Mental Health and Addiction Services approves eight members, and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. Those subdivisions are Athens County, Hocking County, and Vinton County. Board members are residents of the three subdivisions. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Board's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Basis of Accounting

These financial statements follow the basis of accounting permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Board are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**
*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 2 – Summary of Significant Accounting Policies - (continued)

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Board had the following significant Special Revenue Funds:

Osteopathic Heritage Foundation – This fund accounts for receipts from community support initiatives, Capital Support and Fund Matching. Funds are paid out primarily to contracts to associated initiatives throughout the community.

Construction (OHFA) – This fund accounts for receipts from community support initiatives, Capital Support and Fund Matching. Funds are paid out primarily to contracts to associated initiatives throughout the community.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Board had the following significant capital project funds:

317 Board Building Construction Fund – This fund receives revenue from other funds to make capital acquisitions and improvements to Board-owned facilities.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

Estimated Resources – Estimated Resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances – The Ohio Revised Code requires the Board to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019**

Note 2 – Summary of Significant Accounting Policies - (continued)

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: The Board can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board or a Board official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Capital Assets

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 3 – Budgetary Activity

The Board’s budgetary activity for the year ending December 31, 2019 was as follows:

2019 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$7,943,678	\$8,445,426	\$501,748
Special Revenue	363,500	518,738	155,238
Capital Projects	255,400	64,469	(190,931)
<i>Total</i>	\$8,562,578	\$9,028,633	\$466,055

2019 Budgeted vs. Actual Budgetary Disbursements			
	Appropriation Authority	Budgetary Disbursements	Variance
General	\$9,850,276	\$9,557,020	\$293,256
Special Revenue	720,000	256,070	463,930
Capital Projects	300,000	92,438	207,562
<i>Total</i>	\$10,870,276	\$9,905,528	\$964,748

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Athens County Treasurer is custodian for the Board’s deposits. The County’s deposit and investment pool holds the Board’s assets, valued at the Treasurer’s reported carrying amount.

Note 5 – Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Board.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**
*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Board pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Workers Compensation;
- Business Owners;
- Inland Marine, and
- Crime

Note 7- Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Board's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10 percent of their gross salaries and the Board contributed an amount equaling 14 percent, of participants' gross salaries. The Board has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement to qualified benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**
*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 9 – Construction and Contractual Commitments

<u>Contractor</u>	<u>Contract Term</u>	<u>Total Contract Amount</u>	<u>Total Unpaid Balance at 12/31/19</u>	<u>Fund Code</u>
Athens Photographic	7/01/19 - 6/30/20	\$92,955	\$22,558	2707 530100
Hopewell Health Centers Inc.	7/01/19 - 6/30/20	2,269,857	1,659,199	2707 530100
Health Recovery Services	7/01/19 - 6/30/20	1,855,549	1,197,752	2707 530100
Integrated Services	7/01/19 - 6/30/20	513,445	478,165	2707 530100
My Sister's Place	7/01/19 - 6/30/20	239,149	46,468	2707 530100
TASC of Southeast Ohio	7/01/19 - 6/30/20	626,013	336,212	2707 530100
The Gathering Place	7/01/19 - 6/30/20	232,647	156,753	2707 530100
Vinton County Senior Citizens	7/01/19 - 6/30/20	35,894	20,939	2707 530100
Athens County Family & Children First	7/01/19 - 6/30/20	90,022	45,011	2707 530100
Hocking County Family & Children First	7/01/19 - 6/30/20	57,634	28,817	2707 530100
Vinton County Family & Children First	7/01/19 - 6/30/20	26,134	13,067	2707 530100
John W. Clem Recovery House	7/01/19 - 6/30/20	235,943	202,430	2707 530100
NAMI Athens	7/01/19 - 6/30/20	30,230	18,415	2707 530100
Rural Action	7/01/19 - 6/30/20	9,950	4,975	2707 530100
Vinton County Schools	7/01/19 - 6/30/20	67,500	67,500	2707 530100
Southeastern Ohio Regional Jail	7/01/19 - 6/30/20	25,000	14,040	2707 530100
Serenity Grove	7/01/19 - 6/30/20	79,444	66,467	2707 530100
Scenic Hills Senior Center	7/01/19 - 6/30/20	4,852	2,426	2707 530100
Ohio Health - O'Bleness	7/01/19 - 6/30/20	103,652	75,983	2707 530100
Bobbi Beale - Adv. Therapy	7/01/19 - 6/30/20	48,900	42,900	2707 530100
		<u>\$6,644,770</u>	<u>\$4,500,077</u>	

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Athens Metropolitan Housing Authority</i>				
Continuum of Care Program-Shelter Plus Care	14.267	N/A	\$0	\$23,080
<i>Passed Through Hocking County Metropolitan Housing Authority</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	0	4,203
<i>Passed Through Vinton County Metropolitan Housing Authority</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	0	13,857
Total Section 8 Housing Choice Vouchers (Cluster)			<u>0</u>	<u>18,060</u>
Total U.S. Department of Housing and Urban Development			0	41,140
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Social Services Block Grant	93.667	N/A	0	54,631
Opiate Treatment Cures Opioid STR	93.788	1900365	0	312,825
		1900717	0	5,000
		1900794	0	314,870
		1900841	0	156,649
		1900905	0	129,698
		2000404	0	162,650
Total Opiate Treatment Cures Opioid STR			<u>0</u>	<u>1,081,692</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959			
Prev Per Capita (setaside)		N/A	0	108,128
Youth-Led Prevention		N/A	2,184	2,184
Community Investments		N/A	0	192,136
System of Care		1900442	0	94,100
System of Care		2000210	0	6,357
Womens Treatment & Outreach		1900321	289,801	289,801
Womens Treatment & Outreach		2000066	289,801	289,801
TASC of Southeast Ohio		1900248	294,025	294,025
TASC of Southeast Ohio		2000183	259,126	259,126
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>1,134,937</u>	<u>1,535,658</u>
Block Grants for Community Mental Health Services	93.958	N/A	<u>73,531</u>	<u>378,085</u>
Total U.S. Department of Health and Human Services			<u>1,208,468</u>	<u>3,050,066</u>
Total Expenditures of Federal Awards			<u>\$1,208,468</u>	<u>\$3,091,206</u>

The accompanying notes are an integral part of this Schedule.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County (the Board), under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Board passes certain federal awards received from the U.S. Department of Health and Human Service to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Athens-Hocking-Vinton Board of Alcohol,
Drug Addiction, and Mental Health Services
Athens County
P.O. Box 130
Athens, Ohio 45701

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio (the Board), as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2020, wherein we noted the Board followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2019-001.

Board's Responses to Findings

The Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the Board's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 17, 2020

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Athens-Hocking-Vinton Board of Alcohol,
Drug Addiction, and Mental Health Services
Athens County
P.O. Box 130
Athens, Ohio 45701

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio (the Board), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services' major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Board's major federal program.

Management's Responsibility

The Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on the Major Federal Program

In our opinion, the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 17, 2020

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP; Unmodified under regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Block Grants for Prevention and Treatment of Substance Abuse – CFDA #93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code § 5705.14 provides that no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise, except as noted within that Section.

The Board transferred \$200,000 from the Construction (OHFA) Fund into the 317 Building Construction Fund. However, this transfer does not meet the statutorily provided exceptions and, as such, is not an allowable transfer. This was due to an oversight by the Board. This resulted in an audit adjustment to eliminate the transfer.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019
(CONTINUED)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)

FINDING NUMBER 2019-001 (CONTINUED)

Noncompliance- Ohio Rev. Code § 5705.14 (Continued)

The Board should only make transfers in accordance with exceptions statutorily deemed allowable.

Officials' Response: The Construction (OHFA) Fund was created to comply with the requirements of the Ohio Housing Finance Agency Grant received for the construction of the Adam-Amanda Mental Health Rehabilitation Center. A transfer of \$200,000 was made to the OHFA fund to pay construction costs which were then reimbursed by the OHFA grant. After all costs charged to the grant were reimbursed, the Construction (OHFA) Fund had a remaining balance of the \$200,000 initial transfer. Since the balance was no longer required for the Adam-Amanda project, a transfer was made to the 317 Building Construction Fund which has been determined to be not allowable under Ohio Rev. Code § 5705.14.

The Board's Fiscal Procedures will be updated to include instructions for Allowable Fund Transfers in accordance with ORC § 5705.14

FINDING NUMBER 2019-002

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Board's financial statements included material mispostings. As a result, the following adjustments were required:

- Intergovernmental receipts were incorrectly posted as Miscellaneous receipts totaling \$50,000 in the 317 Building Construction Fund requiring adjustment.
- Other Grants and Contributions receipts were incorrectly posted as Intergovernmental Revenue of \$150,000 in the Osteopathic Heritage Foundation Fund requiring adjustment.
- An unallowable transfer was posted resulting in a decrease of Transfers In in the 317 Building Construction Fund and a decrease in Transfers Out in the Construction (OHFA) Fund of \$200,000.

These misstatements were caused by confusion over proper classifications and allowable transfers. As a result, the adjustments with which the Board's management agrees, were made to the financial statements, and are reflected in the accompanying financial statements.

To ensure the Board's financial statements are complete and accurate, Fiscal Manager and Executive Director should review the basic financial statements compiled by their contracted Independent Public Accounting firm prior to filing those statements in the Hinkle System.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,
DRUG ADDICTION, AND MENTAL HEALTH SERVICES
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019
(CONTINUED)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)**

FINDING NUMBER 2019-002 (CONTINUED)

Material Weakness- Financial Reporting (Continued)

Officials' Response: The Board's financial statements were prepared by an Independent Public Accounting firm hired by the Athens County Auditor. In prior year's the County Auditor's staff prepared the financial statements and provided Board staff with spreadsheets to review prior to completion of the financial statements which were used to assure that revenues were properly classified. No supporting documentation was received from the IPA for the 2019 financial statements.

In the future, Board staff will review the revenue accounts in the MUNIS Chart of Accounts to add clarity regarding source of the receipt, i.e. intergovernmental vs non-intergovernmental receipts. Further, Board Fiscal Procedures will be updated to include instructions to request a consolidating schedule of the Special Revenue funds from the financial statements preparer so that Board staff can reconcile the financial statement to the board's records to assure that revenues are properly classified in the financial statements

See above response to Finding 2019-001 regarding the unallowable transfer.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number: 2019-001
Planned Corrective Action: Board Fiscal Procedures will be updated to include instructions for Allowable Fund Transfers in accordance with ORC § 5705.14.
Anticipated Completion Date: August 3, 2020
Responsible Contact Person: Amanda Conrath, Fiscal Manager

Finding Number: 2019-002
Planned Corrective Action: 1) Revenue accounts in the MUNIS Chart of Accounts will be reviewed to add clarity regarding source of the receipt, i.e. intergovernmental vs non-intergovernmental receipts.
2) Board Fiscal Procedures will be updated to include instructions to request a consolidating schedule of the Special Revenue funds from the financial statements preparer so that Board staff can reconcile the financial statement to the Board's records to assure that revenues are properly classified in the financial statements.
3) Board Fiscal Procedures will be updated to include instructions for Allowable Fund Transfers in accordance with ORC § 5705.14.
Anticipated Completion Date: September 30, 2020
Responsible Contact Person: Amanda Conrath, Fiscal Manager

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OHIO AUDITOR OF STATE KEITH FABER



ATHENS HOCKING VINTON BOARD OF ADAMH SERVICES

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/27/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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